

GAO**Testimony**Before the Committee on Small Business,
House of RepresentativesHearing Held at
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Statement Submitted
March 21, 1996**ENVIRONMENTAL
PROTECTION****Assessing EPA's Progress
in Paperwork Reduction**Statement for the Record by
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Madam Chair and Members of the Committee:

We appreciate the opportunity to discuss the Environmental Protection Agency's (EPA) efforts to reduce the burden of paperwork associated with environmental reporting and recordkeeping. In March 1995, as part of a governmentwide effort by the administration to eliminate some federal regulations and improve others, EPA committed to reducing by 25 percent the paperwork burden imposed by its existing environmental requirements.¹ The agency's objective was to identify and complete all administrative and regulatory changes necessary to meet its goal by June 30, 1996. Given EPA's January 1995 baseline of about 81 million hours spent on such paperwork per year, this commitment translated to a goal of reducing this burden by slightly more than 20 million hours.

Our statement today, which is based on ongoing work at EPA for the Chair of this Committee, discusses (1) the status of EPA's efforts to achieve its 1995 goal of reducing the paperwork burden; (2) the way EPA has calculated reductions in the burden, specifically those it has claimed for two of its program offices—the Office of Prevention, Pesticides, and Toxic Substances (OPPTS) and the Office of Solid Waste and Emergency Response (OSWER)—which account for about 75 percent of EPA's estimated reduction as of February 1996, and (3) EPA's current paperwork burden.

In summary, Madam Chair, we have found the following:

- EPA said that as of February 28, 1996, it had identified for reduction about 18 million hours of paperwork burden and that its program offices were identifying the remaining 2 million hours needed to reach its March 1995 goal of reducing the paperwork burden by 20 million hours from about 81 million to 61 million hours. Of the 18 million hours identified for reduction, EPA said that about 9 million hours had been eliminated by the end of February 1996.
- Two reductions in OPPTS and OSWER account for about one-third of the 9 million hours of paperwork burden EPA said it had eliminated.

¹The Office of Management and Budget (OMB) measures the federal information collection requirements imposed on everyone outside of the federal government. To determine the burden resulting from a particular collection of information, agencies usually develop an estimate of (1) the average time each respondent takes to comply and (2) the total number of respondents who must comply. The total paperwork burden, measured in hours, is calculated by multiplying the average response time per respondent by the expected number of respondents.

However, these reductions against the January 1995 baseline have been calculated in a way that overstates their effect. For example:

EPA is claiming a 1.2 million hour reduction for eliminating a requirement for certain companies to fill out a lengthy form for the Toxic Release Inventory. EPA is not, however, offsetting this reduction by the additional paperwork burden the agency created—about 800,000 hours—by requiring these companies to complete a certification in lieu of filling out the forms.

As a result of proposed changes in the agency's land disposal restrictions program, EPA is claiming a 1.6 million hour reduction, even though its 1995 baseline only includes a total of about 0.8 million hours associated with this program.

- At the same time EPA is pursuing a goal of reducing its paperwork burden by 20 million hours, its paperwork burden is increasing because of changes in programs, reestimates of the hours required to complete the existing paperwork requirements, and new rules on measuring the paperwork burden. Given these changes, even with the projected reductions, EPA estimates that its overall paperwork burden will be about 117 million hours by the end of fiscal year 1996.

Background

To monitor and reduce the federal paperwork burden on businesses and individuals, the Paperwork Reduction Act gives OMB broad authority over agencies' collection of information. Under the act, agencies must obtain OMB's approval before collecting certain information and also when a previous collection approval has expired.²

On March 16, 1995, the President announced a number of regulatory reform initiatives at EPA, including reducing the existing paperwork burden by 25 percent. EPA focused the reductions on local governments and small businesses.

EPA Says That It Is Near Its 1995 Reduction Goal

EPA said that as of February 28, 1996, it had identified for reduction about 18 million hours of paperwork—about 90 percent of its March 1995 goal. EPA also said that it was in the process of identifying the remaining 2 million hours. According to EPA, half of the 18 million hours identified for reduction had been eliminated by the end of February. In a June 1995 Summary Report to the President, EPA stated that its objective was to

²The collection of information covered by the Paperwork Reduction Act includes reporting requirements (for example, report and application forms, schedules, and questionnaires), recordkeeping requirements, disclosure requirements, and other similar requirements.

identify and complete all of the administrative and regulatory changes necessary to meet the 25-percent reduction goal by June 30, 1996.

OPPTS and OSWER have claimed the greatest progress toward achieving their reductions. According to EPA, these two offices had achieved about 94 and 83 percent, respectively, of their planned reductions.

Reductions Are Overstated

Some of the larger reductions claimed by EPA are overstated because of the way EPA calculated them. The following examples of reductions by OPPTS for the Toxic Release Inventory and OSWER for the requirements for the land disposal restrictions program, which account for about one-third of the 9 million hours EPA said it has eliminated, illustrate how the calculations overstate the actual reduction.

Toxic Release Inventory

One of the large decreases that EPA is counting toward its 25-percent paperwork reduction goal comes from a recent change to companies' information reporting requirements under the Toxic Release Inventory—a major information system that contains data on toxic chemical releases by industry.

The reporting change for the Toxic Release Inventory provides some companies with an alternative to filing the required information. The change allows certain companies that release or transfer relatively small amounts of a toxic chemical to file a certification statement, rather than report the chemical on the inventory form. EPA estimates that the time savings to companies that elect the option to certify compliance will be about 1.2 million hours. However, EPA also estimates that companies electing to certify compliance will spend about 800,000 hours on the certification and related recordkeeping. EPA plans to count the 1.2 million hours saved as part of the 20 million hours it has targeted to meet its reduction goal, without offsetting the decrease with the increase resulting from choosing the certification option. An EPA official told us that the increase of 800,000 hours is not counted because OMB did not approve the option for companies to use the certification statement until after the January 1995 baseline was established.

Land Disposal Restrictions Program

EPA is claiming another 1.6 million hour reduction in the paperwork for its land disposal restrictions program. Under the Resource Conservation and Recovery Act, EPA has established standards governing the treatment and

disposal of hazardous waste. During 1995, EPA revised the program's information collection request that was sent to OMB for approval, increasing the total hours associated with the program from about 755,000 to about 5 million hours. EPA explained that the increase primarily occurred because it reestimated the number of hazardous waste generators subject to the land disposal restriction requirements. The previous information collection request had estimated that approximately 40,000 hazardous waste generators were subject to the land disposal restriction requirements; however, according to EPA, recent data indicate that about 225,000 hazardous waste generators are currently subject to the regulations.

The planned reduction in the paperwork burden of 1.6 million hours for the land disposal restrictions program is based on a reestimated paperwork burden of 5 million hours. Thus, it appears that about one-third of the total burden for that program has actually been reduced, leaving about 3.4 million hours. However, EPA will apply the 1.6 million reduction against the January 1995 baseline of 755,000 hours for the program, giving the mistaken impression that this burden has been eliminated.

Burden Is Increasing Despite Reductions

Even with the reductions, EPA's total paperwork burden had risen to over 108 million hours by the end of fiscal year 1995. This net increase of about 27 million hours over the January 1995 baseline primarily resulted from (1) requirements that an individual or business disclose certain information to a third party (8.6 million hours), (2) recalculations of the estimated number of hours of paperwork associated with certain specific requests for information (8.0 million hours), (3) programs that were being phased in or out (5.7 million hours), (4) new rules (3.0 million hours), and (5) growth or contraction in the number of businesses and individuals required to provide specific information (1.7 million hours).³ EPA estimates that, even with its projected decreases, the agency's paperwork burden will continue to increase to about 117 million hours by the end of fiscal year 1996.

According to EPA officials, the agency is reviewing the way it is counting paperwork reductions against EPA's paperwork burden baseline. EPA is still trying to achieve its 20 million hour reduction goal but, due in part to

³Not all of these changes increase the actual number of hours that individuals or businesses spend providing the information. Of the 27 million hour net increase, a total of 16.6 million hours—including the 8.0 million hours resulting from reestimations and the 8.6 million hours resulting from new OMB rules that require EPA to count the hours imposed on third parties—would not affect individual respondents because they are already providing the information.

discussions with GAO, is evaluating ways that could more accurately reflect the baseline hours against which the reductions are measured.

We conducted our work between February and March 1996 in accordance with generally accepted government auditing standards.

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